SUPREME COURT, U.S.
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No. _____

In The

Supreme Court of the United States

VIRGINIA ELECTRONIC & LIGHTING CORPORATION,

Petitioner,

v.

NATIONAL SERVICE INDUSTRIES, INC.
(doing business as Lithonia Lighting),

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1.

May physical exhibits be used by a plaintiff seeking to be substituted as the inventor of a validly issued patent to overcome the clear and convincing evidentiary standard and statutory presumption of patent validity if such physical exhibits are capable of being authenticated and dated solely through the self-serving, uncorroborated testimony of the plaintiff?

2.

May an inventor not named in an issued patent bring an action pursuant to 35 U.S.C. § 256 seeking to be substituted as the sole inventor in the patent based upon allegations that he was omitted from the original patent application because of the fraud of the patent holder rather than from a clerical mistake?

LIST PURSUANT TO RULE 29.6

The caption of the case contains the names of all the parties. National Service Industries, Inc. d/b/a Lithonia Lighting is a Georgia corporation and is a wholly-owned subsidiary of National Service Industries, Inc., a Delaware corporation. No publicly held company owns 10% or more of National Service Industries, Inc. d/b/a Lithonia Lighting's stock or its parent company's stock.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Federal Circuit entered in this case on January 6, 2000.

OPINIONS BELOW

1. *Virginia Electronic & Lighting Corp. v. National Service Industries, Inc. d/b/a Lithonia Lighting,* United States District Court for the Northern District of Georgia, Case No. 1:96-CV-1988-MHS, Order Granting Defendant's Motion for Summary Judgment entered on December 14, 1998. (App., 18a-24a).

2. *Virginia Electronic & Lighting Corp. v. National Service Industries, Inc. d/b/a Lithonia Lighting,* United States Court of Appeals for the Federal Circuit, Case No. 99-1226, Opinion filed and judgment entered on January 6, 2000 affirming in part and reversing in part the District Court's Order and remanding for further proceedings. (App., 1a-16a).

3. *Virginia Electronic & Lighting Corp. v. National Service Industries, Inc. d/b/a Lithonia Lighting,* United States Court of Appeals for the Federal Circuit, Case No. 99-1226, Order Denying Petition for Rehearing entered on February 3, 2000. (App., 25a).

STATEMENT OF JURISDICTION

The judgment of the United States Court of Appeals for the Federal Circuit was entered on January 6, 2000, and a timely petition for rehearing was denied on February 3, 2000. (App., 25a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

1. 35 U.S.C. § 282 provides in pertinent part: "A patent shall be presumed valid. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."

2. 35 U.S.C. § 256 states as follows:

> Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Commissioner, may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error.
>
> The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the commissioner shall issue a certificate accordingly.

STATEMENT OF THE CASE

This case involves Virginia Electronic & Lighting Corp.'s ("Velcorp") allegation that its president, Gregory Stepp, invented an LED circuit design for retrofit bulbs that was fraudulently patented by National Service Industries, Inc. d/b/a Lithonia Lighting ("Lithonia"). Velcorp alleges that Mr. Stepp should be substituted as the sole inventor on the patent and that the patent should be transferred to Velcorp, Mr. Stepp's assignee. This claim for substitution of inventorship is predicated on 35 U.S.C. § 256. Velcorp alleges that Mr. Stepp invented the patented circuit and disclosed it to Lithonia in the course of attempting to develop a working LED prototype to sell to Lithonia. Other than Mr. Stepp's own testimony, Velcorp offers no independent evidence showing that he conceived of the patented circuit *before* Lithonia. The only "evidence" Mr. Stepp relies upon, other than his own testimony, are several alleged prototypes and an alleged factory drawing from a Japanese manufacturer. These physical items depend solely upon Mr. Stepp's own testimony to establish that they existed prior to Lithonia's patent filing date and that they show the patented circuit. Thus, none of these items can provide independent corroboration on the critical issue of priority of invention.

A. The District Court's ruling.

This appeal arose from the District Court for the Northern District of Georgia's grant of summary judgment in favor of Lithonia on all counts of Velcorp's complaint for misappropriation of trade secrets and substitution of inventor under 35 U.S.C. § 256.[1] Lithonia's summary judgment motion argued that § 256, an error correction statute, cannot be used to substitute an unnamed inventor in a validly issued patent where the wrong inventor is alleged to have been named through fraud rather than inadvertence.[2] Lithonia also argued that Velcorp failed to offer any corroborative evidence, other than Mr. Stepp's own testimony, that Mr. Stepp was the inventor of the patented device.

The District Court granted Lithonia's motion for summary judgment and dismissed Velcorp's inventorship claim on the grounds that Velcorp failed to offer any evidence other than Mr. Stepp's own uncorroborated testimony that Mr. Stepp conceived of the patented circuit prior to Lithonia's patent filing date and therefor could not satisfy the applicable clear and convincing evidentiary standard. (App. 23a-24a). The District Court did not address Lithonia's § 256 argument. Velcorp appealed the

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[1] As the District Court's dismissal of the trade secrets claim was affirmed by the Federal Circuit and is not relevant to the questions presented here for review, Lithonia's discussion will be limited to Velcorp's patent claim.

[2] 35 U.S.C. § 256 allows for the correction of patents where "through error an inventor is not named in an issued patent . . . ."

District Court's grant of summary judgment to the United States Court of Appeals for the Federal Circuit.

B. The Court of Appeals' partial reversal.

After full briefing and oral argument on November 9, 1999, the Federal Circuit affirmed the grant of summary judgment for Lithonia on the misappropriation of trade secrets count, but vacated the grant of summary judgment on the correction of inventorship count on January 6, 2000. The Federal Circuit concluded that plaintiff was entitled to seek substitution of inventorship pursuant to § 256. The Federal Circuit also concluded that certain physical exhibits identified by plaintiff were sufficient to overcome summary judgment. Lithonia filed a petition for rehearing on January 20, 2000 because the Federal Circuit, by accepting the physical exhibits as evidence of prior conception and reduction to practice, departed from the well-accepted rules that require corroboration of proof of inventorship and the presumption of patent validity. Lithonia's petition for rehearing was denied on February 3, 2000. Lithonia brings this petition for certiorari requesting this Court to clarify the applicability of the clear and convincing evidence standard to summary judgment motions in patent cases consistent with this Court's holding in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S. Ct. 2505, 2514, 91 L. Ed. 2d 202 (1986) and to correct the Federal Circuit's reading of § 256 as a remedy for alleged fraud.

REASONS FOR GRANTING THE WRIT

I. May physical exhibits be used by a plaintiff seeking to be substituted as the inventor of a validly issued patent to overcome the clear and convincing evidentiary standard and statutory presumption of patent validity if such physical exhibits are capable of being authenticated and dated solely through the self-serving, uncorroborated testimony of the plaintiff?

A. The Federal Court's ruling eviscerates the presumption of patent validity required by 35 U.S.C. § 282 and effectively suspends the application of this Court's holding in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S. Ct. 2505, 2514, 91 L. Ed. 2d 202 (1986) in patent cases.

For over twenty-five years, the Federal Circuit and its predecessor court, the United States Claims Court, have applied a corroboration rule in patent cases involving challenges to the correctness of the named inventor in a validly issued patent in order to effectuate the statutory presumption of validity required by 35 U.S.C. § 282. *See Amax Fly Ash Corp. v. United States*, 514 F.2d 1041, 1047, 185 USPQ 437 (U.S.C.C. 1975) (citing *Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 60, 43 S. Ct. 322, 327, 67 L. Ed. 523 (1923); *The Barbed Wire Patent*, 143 U.S. 275, 285, 12 S. Ct. 443, 36 L. Ed. 154 (1892)). A plaintiff seeking to be substituted as the true inventor of a patented product must show by clear and convincing evidence that he conceived of the invention and that he reduced it to practice prior to the named inventor. *Id.* at 1047. District courts are required to apply this heightened

evidentiary standard when ruling on a motion for summary judgment. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S. Ct. 2505, 2514, 91 L. Ed. 2d 202 (1986).

It is the Federal Circuit's reversal of the District Court's proper application of this heightened standard that represents a significant departure from the accepted and usual course of judicial proceedings and requires this Court's intervention. The Federal Circuit's ruling sanctions the application of a less stringent evidentiary burden to motions for summary judgment than dictated by 35 U.S.C. § 282. This ruling directly conflicts with this Court's decision in *Anderson v. Liberty Lobby* which holds:

> [W]here the . . . "clear and convincing" evidence requirement applies, the trial judge's summary judgment inquiry as to whether a genuine issue exists will be whether the evidence presented is such that a jury applying that evidentiary standard could reasonably find for either the plaintiff or the defendant.

Id. The clear and convincing evidentiary burden has never been satisfied by self-serving, uncorroborated testimony. *See Amax Fly Ash Corp. v. United States*, 514 F.2d 1041, 1047, 185 USPQ 437 (U.S.C.C. 1975). The Federal Circuit's holding in this case effectively means that *Anderson v. Liberty Lobby* does not apply to motions for summary judgment in patent cases. If not corrected by this Court, the Federal Circuit's ruling will result in unwarranted trials in patent cases along with the associated litigation costs and drain on already strained judicial resources. The statutory presumption of patent validity will be undermined and the efficacy and integrity of the patent application and approval process will be called

into question. These concerns warrant the grant of certiorari by this Court.

B. Physical exhibits that are incapable of being authenticated and dated without the self-serving, uncorroborated testimony of the plaintiff cannot satisfy the corroboration requirement.

The Federal Circuit's decision in this case, when considered with *Stark*, creates a new and dangerous exception to the long-standing general rule that an individual claiming to be fraudulently omitted as the true inventor of a patented device cannot survive summary judgment based solely upon his own self-serving, uncorroborated testimony. *Compare Amax*, 514 at 1047. Under the Federal Circuit's new exception to the corroboration rule, the corroboration requirement can now be satisfied by a mere physical extension of the would-be inventor's testimony. This exception gives would-be inventors the right to a jury trial so long as they produce a prototype or drawing of the patented invention and testify that the prototype or drawing predates the patent filing date.

This exception to the corroboration rule is contrary to the fundamental statutory presumption that the inventor named in a validly issued patent is correct. 35 U.S.C. § 282. This statutory presumption that the named inventor is correct mandates the application of the clear and convincing evidence standard at the summary judgment stage as held by this Court in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S. Ct. 2505, 2514, 91 L. Ed. 2d 202 (1986). As noted, *supra*, a would-be inventor's own self-serving, uncorroborated testimony has never been

sufficient to meet the clear and convincing evidentiary burden required by 35 U.S.C. § 282. *See Amax*, 514 F.2d at 1047. The Federal Circuit's decision in this case requires no special deference from this Court because the proper application of this presumption in the context of a motion for summary judgment does not raise any issue within the particular competence and expertise of the Federal Circuit.

The Federal Circuit's holding in this case – which allows a would-be inventor to corroborate his own testimony of prior conception and reduction to practice with physical exhibits that have no foundation other than his own testimony – is a striking departure from basic tenets of patent law. The Federal Circuit's holding presumably allows an individual to go to court with no more than a good story and a few drawings or prototypes without fear of summary judgment, so long as he testifies that the drawings and prototypes predate the patent filing date. Never before has such self-serving, uncorroborated testimony been allowed to overcome the presumption of patent validity.

C. The corroboration requirement is necessary to ensure the integrity of validly issued patents.

The purpose of the corroboration requirement is to give meaning to the heightened standard of proof which is applied to effectuate the statutory presumption that the inventor named in an issued patent is correct. *See Hess v. Advanced Cardiovascular Systems, Inc.*, 106 F.3d 976, 980, 41 USPQ.2d 1782 (Fed. Cir. 1997), *cert. denied*, 117 S. Ct. 2459, 138 L. Ed. 2d 216 (1997). The Federal Circuit has further

explained the reason for applying this heightened standard in cases challenging the correctness of the named inventor in an issued patent:

> [O]ne claiming that the inventor listed in the patent derived the invention from the claimant's work must show derivation by clear and convincing evidence, "the temptation for even honest witnesses to reconstruct, in a manner favorable to their own position, what their state of mind may have been years earlier, is simply too great to permit a lower standard." This [reasoning] is similarly applicable to claims of co-inventorship made after a patent has been issued – particularly where, as here, the patent has been outstanding for a considerable time and the patented device has been successful. In that situation, too, there is an equally strong temptation for persons who consulted with the inventor and provided him with materials and advice, to reconstruct, so as to further their own position, the extent of their contribution to the conception of the invention. In these circumstances, it would be inappropriate to permit a lower standard than clear and convincing evidence.

Hess, 106 F.3d at 980 (quoting *Amax Fly Ash Corp. v. United States*, 514 F.2d 1041, 1047, 185 USPQ 437 (U.S.C.C. 1975)); *see also Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1577, 38 USPQ.2d 1288 (Fed. Cir. 1996) ("This [corroboration] requirement arose out of a concern that inventors testifying in patent infringement cases would be tempted to remember facts favorable to their case by the lure of protecting their patent or defeating another's patent."). Such concerns are magnified by the Federal Circuit's

ruling in *Stark v. Advanced Magnetics, Inc.*, 119 F.3d 1551, 1556 (Fed. Cir. 1997). *Stark* allowed, for the first time, a person to allege that his invention was fraudulently stolen and patented by another and to be substituted as the inventor in an issued patent. The temptation to reap the benefits of being named an inventor is arguably even greater in such circumstances where the benefits are known and the patent's economic value is well established. Thus, this Court should grant certiorari to review the Federal Circuit's evisceration of the corroboration requirement in inventorship contests.

II. May an inventor not named in an issued patent bring an action pursuant to 35 U.S.C. § 256 seeking to be substituted as the sole inventor in the patent based upon allegations that he was omitted from the original patent application because of the fraud of the patent holder rather than from a clerical mistake?

In 1997, the Federal Circuit issued an opinion in *Stark v. Advanced Magnetics, Inc.*, 119 F.3d 1551, 1556 (Fed. Cir. 1997), that was a departure from prior law and stands for the proposition that "section 256 allows complete substitution of inventors as long as the true inventors are without deceptive intent." The validity of *Stark* is at the core of the Federal Circuit's opinion in this case. The Federal Circuit's reading of § 256 ignores the legislative history of the statute and has so far departed from the accepted and usual course of judicial proceedings prior to the Federal Circuit's assumption of exclusive jurisdiction over appeals in patent cases so as to call for an exercise of this Court's supervisory power. The Federal Circuit's reading of § 256 grants an allegedly unnamed inventor

far-reaching rights not contemplated by the patent laws and presents unforeseen disruptive consequences to the free alienability of intellectual property rights.

Section 256 was never intended as a mechanism for completely substituting inventors in an issued patent where the unnamed inventor alleges that the named inventor stole his idea and fraudulently obtained a patent. Section 256 states:

> Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Commissioner, may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error.
>
> The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the commissioner shall issue a certificate accordingly.

35 U.S.C. § 256. In considering the scope of this section, the courts prior to *Stark* had held that it could not be used to substitute one sole inventor for another in cases where the error occurs other than through inadvertence. For example, in *McMurray v. Harwood*, 870 F. Supp. 917 (E.D. Wis. 1994), the plaintiff sought a declaration that he, not defendant, was the "original, first, and sole inventor" of

the subject patent. The court expressly held that § 256 did not permit the remedy sought by plaintiff and summarized prior precedent as follows:

> While there are not many cases which discuss the scope of this section, those that have, uniformly agree that it may not be used to substitute one sole inventor for another. *Rawlplug Co. v. Hilti Aktiengesellschaft*, 777 F. Supp. 240 (S.D.N.Y. 1991); *Eldon Industries, Inc. v. Rubbermaid, Inc.*, 735 F. Supp. 786 (N.D. Ill. 1990); *Celestron Pacific v. Criterion Mfg. Co.*, 552 F. Supp. 612 (D. Conn. 1982); *Bemis v. Chevron Research Co.*, 599 F.2d 910 (9th Cir. 1979) *cert. denied*, 444 U.S. 966, 100 S. Ct. 454, 62 L. Ed. 2d 378 (1979); *Rival Mfg. Co. v. Dazey Products Co.*, 358 F. Supp. 91 (W.D. Mo. 1973). *See also Dee v. Aukerman*, 625 F. Supp. 1427, 1429 (S.D. Ohio 1986) (holding that § 256 "seems to indicate a congressional interest in resolving inadvertent mistakes with respect to joint inventorship . . . ".) In *Rival Mfg.*, the court held that § 256 is:
>
> > limited to the correction of errors involving true joint ownership and does not contemplate or permit what would amount to a substitution of one inventor entity for another under the guise of 'correction' . . .
>
> *Id.* at 101. Similarly, the court in *Bemis* noted that the congressional committee report on § 256 "clearly demonstrates" that the statute remedies only innocent errors in joinder or non-joinder of inventors. *Id.* at 912.

McMurray, 870 F. Supp. at 919 (footnote omitted). The committee report also noted: "This provision permits a *bona fide* mistake in joining a person as inventor to be

corrected." H.R. Report No. 1923, 82d Congress, 2d Sess. (1952) (emphasis added).

Despite prior precedent and the legislative history, the Federal Circuit held in *Stark* that § 256 could be used to substitute an unnamed inventor for a named inventor, and thus transfer ownership of the patent at any time regardless of whether the "error" spoken of in § 256 is alleged to have occurred through inadvertence or fraud. The Federal Circuit claimed that its new interpretation of § 256 "harmonizes well with the title 35 policy seeking to reward the actual inventors of technological advances." *Stark*, 119 F.3d at 1554. However, the decision completely ignores the countervailing important policies underlying the statutory bars prescribed in 35 U.S.C. § 102 which require diligence by the inventor to secure patent rights for his invention.

This case is a prime example of the unintended consequences of the Federal Circuit's new reading of § 256 and its effect of circumventing the § 102 bar. Velcorp filed its complaint in this action on August 8, 1996, almost two and a half years after Lithonia filed its patent application on March 3, 1994. Velcorp claims that it did not know of Lithonia's patent and waited almost three years after disclosing Mr. Stepp's invention to Lithonia to take any action to assert its rights to Mr. Stepp's alleged invention. If, as alleged, Mr. Stepp invented the patented circuit, then he made a conscious decision not to seek patent protection. By failing to file a patent application within the time allowed by the patent laws, Mr. Stepp abandoned any rights of patentability in his alleged invention. Mr. Stepp was required to file a patent application within one year of the invention's public use or sale in this

country.[3] 35 U.S.C. § 102(b). His failure to do so bars him from obtaining any patent rights in the alleged invention. *See also* 35 U.S.C. § 102(c) (abandonment).

If, on the other hand, Mr. Stepp had decided to file a timely patent application and had truly not learned of Lithonia's pending patent, the Patent and Trademark Office would have declared an interference pursuant to 35 U.S.C. § 102(g) to determine the priority of invention in the proper forum before either patent issued. Under *Stark*, however, the Federal Circuit has created an exception to this time honored method of the patent process. The Federal Circuit has allowed Mr. Stepp, and future litigants, to use § 256 to bypass the statutory bars of § 102 and pursue a claim of inventorship years after the product has been marketed and sold under the patent.

It is noteworthy that the holding of *Stark* can lead to even greater abuse in the hands of the unscrupulous. If, in fact, Mr. Stepp knew about Lithonia's patent and deliberately took no action with the purpose of waiting until Lithonia successfully developed and proved the economic value of the invention, Mr. Stepp, without any effort or even diligence on his part, has been allowed to reap the benefit of Lithonia's development and marketing of the invention. Indeed, the Federal Circuit has noted in

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[3] The District Court found as a matter of law in dismissing Velcorp's trade secrets claims, and the Federal Circuit affirmed, that even if Mr. Stepp did invent the patented circuit (which was assumed for purposes of summary judgment on the trade secrets claim), Velcorp and Mr. Stepp disclosed the alleged circuit design to Lithonia without adequate measures to protect the secrecy or confidentiality of the alleged invention.

this context the "strong temptation for persons who consulted with the inventor and provided him with materials and advice, to reconstruct, so as to further their own position, the extent of their contribution to the conception of the invention." *Hess v. Advanced Cardiovascular Systems, Inc.*, 106 F.3d 976, 980, 41 USPQ.2d 1782 (Fed. Cir. 1997).

Allegedly unnamed inventors like Mr. Stepp should not be allowed to benefit from their own lack of diligence and be granted an exemption from the requirements of § 102 by the Federal Circuit's erroneous construction of § 256. If Mr. Stepp truly invented the LED circuit claimed by Lithonia's patent, he should have pursued the patent interference remedy provided by Congress in 35 U.S.C. § 102(g). Mr. Stepp should have filed his own patent application within the allowable time period and proved in an interference proceeding before the Patent and Trademark Office that he invented the circuit first and Lithonia derived the invention from him. Based on a plain reading of § 256 and precedent prior to Federal Circuit's assumption of exclusive jurisdiction over patent appeals, this case, as well as *Stark*, should be reversed and this Court should clarify that § 256 may only be used to correct inadvertent errors.

CONCLUSION

The corroboration rule is the mechanism through which the efficacy of patent rights is protected. Our dependence and reliance on intellectual property rights increases daily, and unsubstantiated challenges to the

ownership and alienability of those rights must be carefully guarded against. For the first time, the Federal Circuit has sanctioned claims of alleged prior inventorship based solely upon the self-serving, uncorroborated testimony of the alleged prior inventor.[4] In all prior cases, independent corroborating evidence has been required in addition to the inventor's own self-serving testimony. In every such case, the independent circumstantial evidence showed both that the corroborating evidence contained the patented claims and that such evidence existed prior to the patentee's date of invention. Never before has an alleged inventor been allowed to show up with unwitnessed and unauthenticated drawings and prototypes and say "I made this before they did" without some independent corroboration of *when* such evidence came into being.

The Federal Circuit's holding in *Stark*, relied upon in this case, magnifies the temptations the corroboration rule was designed to keep in check. Section 256, formerly used solely for the correction of honest errors, may now

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[4] *Compare Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1578-79, 38 USPQ.2d 1288 (Fed. Cir. 1996) (finding sufficient corroboration because two independent witnesses could date the prototypes *of the patented invention*); *Price v. Symsek*, 988 F.2d 1187, 1195-96, 26 USPQ.2d 1031 (Fed. Cir. 1993) (finding sufficient corroboration by physical exhibit where the alleged inventor presented an affidavit from a third person stating that she had seen a drawing containing the patented invention prior to the patentee's date of invention); *Knorr v. Pearson*, 671 F.2d 1368, 213 USPQ 196 (C.C.P.A. 1982) (finding that the testimony of a third party concerning what he heard one of the inventors say to the other was sufficient corroboration of the conception of the invention by the two inventors during the conversation).

be used as a tool for the unscrupulous. Plaintiffs may now use § 256 to be substituted as the inventor of patents issued years prior, even if the patent has been subsequently licensed or transferred to another. This new use of § 256, combined with the minimal evidentiary showing now required to survive summary judgment, will encourage strike suits by those who realize a company or even an entire industry can be held hostage by such a threat supported with no more than a good story. This has never been the rule and is antithetical to the traditional concept of corroboration and its policy underpinnings.

For all of the foregoing reasons, certiorari should be granted so that this Court can correct the Federal Circuit's detrimental and unwarranted departure from prior law.

This the 3rd day of May, 2000.

Respectfully submitted,

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APPENDIX

United States Court of Appeals for the Federal Circuit

99-1226

VIRGINIA ELECTRONIC & LIGHTING CORPORATION

Plaintiff-Appellant,

v.

NATIONAL SERVICE INDUSTRIES, INC.,
(doing business as Lithonia Lighting),

Defendant-Appellee.

DECIDED: January 6, 2000

Before MICHEL, PLAGER, and BRYSON, *Circuit Judges.*

MICHEL, *Circuit Judge.*

Virginia Electronic & Lighting Corp. ("Velcorp") brought suit against National Service Industries, Inc., d/b/a/ Lithonia Lighting ("Lithonia"), in the United States District Court for the Northern District of Georgia alleging that Lithonia had misappropriated Velcorp's trade secrets and that Velcorp's president, Gregory Stepp, was the true and sole inventor of the invention claimed in Lithonia's United States Patent No. 5,463,280 ("the '280 patent"). Velcorp sought damages for the alleged trade secrets misappropriation under the Georgia Trade Secrets Act, O.C.G.A. § 10-1-760 et seq. ("the Georgia Act") and also an order pursuant to 35 U.S.C. § 256 (1994) substituting Stepp for James Johnson, the sole named inventor of the '280 patent. Velcorp appeals from the district court's grant of Lithonia's motion for summary judgment on

both claims. *See Virginia Elec. & Lighting Corp. v. National Serv. Indus., Inc.*, No. 96-CV-1988-MHS (N.D.Ga. Dec. 15, 1998). Because we conclude that, on summary judgment, the district court correctly held that Velcorp failed to establish its ability to prove at trial that it had taken the requisite reasonable steps to protect the secrecy of its light emitting diode ("LED") lamp design, but erred by holding that Velcorp had not provided sufficient evidence to corroborate Stepp's testimony about his alleged prior conception of the claimed invention, we *affirm-in-part, vacate-in-part,* and *remand.*

BACKGROUND

In the spring of 1993, Lithonia attempted to develop a replacement lamp for exit signs using LEDs as its light source. During the development process, Gene Justice, a Lithonia employee, contacted his friend at Velcorp, Stepp, for assistance in developing and manufacturing the new lamp. While Lithonia continued development efforts on its own, Stepp had Mori Denshi Sango Co. ("MDS") in Japan produce a series of prototype LED replacement lamps beginning in June or July of 1993. According to Velcorp, these prototypes, unlike the designs developed by Lithonia, used capacitance instead of resistance to limit the current flow through the LEDs. Velcorp subsequently delivered these prototypes to Lithonia.

On December 9, 1993, Stepp and Lithonia representatives met and agreed to exchange nondisclosure agreements. On January 6, 1994, Stepp signed a confidentiality agreement which provided that he and Velcorp would not disclose or use confidential information obtained from

Lithonia with respect to the LED replacement lamps. This agreement did not address information or lamp designs that Velcorp provided *to* Lithonia.

On January 19, 1994, Lithonia sent Velcorp a proposed letter agreement purportedly clarifying the parties' relationship. The letter agreement stated in part that "any improvements, enhancements or derivatives of the [LED replacement lamp] Products developed by Velcorp in the course of its work with Lithonia will be considered 'works made for hire' and, as such, will be the sole property of Lithonia."

Stepp refused to sign the proposed letter agreement. In a letter dated January 26, 1994, Stepp responded that it appeared as though "Lithonia wants all rights and ownership to Velcorp's LED lamp development at zero cost to Lithonia and no consideration to what is ethical or reasonable to both parties." Stepp further stated that Velcorp would "entertain an offer by Lithonia to cover [Velcorp's] research and development costs, tool expenses, reasonable miscellaneous expenses and a [sic] exclusive right to sell clause." The letter's final paragraph read:

> Velcorp is un-accustomed [sic] to signing over property rights for work it has done, especially to a company that has spent nothing toward development/production or purchased a single item from Velcorp; with no guarantee that it ever will. *Considering Velcorp and Lithonia only recently entered into a general nondisclosure arrangement [January 6, 1994], we understand all information provided by us to you and vise [sic]*

> *versa prior to noted date is not protected and is considered public disclosure.*

(emphasis added).

On January 31, 1994, Lithonia executed a confidentiality and nondisclosure agreement, in which it agreed to "contain, control, and limit access" to information provided by Velcorp. In a note to the agreement added by Lithonia and signed by Stepp on behalf of Velcorp on February 2, 1994, the parties acknowledged that the agreement excluded pre-existing information, information independently developed by Lithonia, and information owned by Lithonia.

Velcorp provided two more prototype lamps to Lithonia in February of 1994. On March 4, 1994, James Johnson, a Lithonia employee, filed a patent application for the features of the LED lamp. The Examiner rejected all the claimed features as unpatentable except for the use of a "circuit for limiting current through the light emitting diodes, said means comprising a capacitor acting as the only effective limiting impedance in the circuit" and "a diode bridge in the circuit between the light emitting diodes and the capacitor." '280 col. 8, l. 25-28. On October 31, 1995, the PTO issued the '280 patent to Johnson, who assigned it to Lithonia.

On August 8, 1996, Velcorp filed a complaint against Lithonia in the district court. In its first count, Velcorp alleged that Lithonia misappropriated Velcorp's trade secrets in violation of written and oral confidentiality agreements. In its second count, Velcorp alleged that Stepp, not Johnson, was the true and sole inventor of the

LED lamp claimed in the '280 patent and that the prototype lamps that Stepp had directed MDS to produce in 1993 had embodied the claimed invention. Velcorp sought damages for Lithonia's alleged trade secrets misappropriation under the Georgia Act and an order under 35 U.S.C. § 256 directing the United States Patent and Trademark Commissioner ("the Commissioner") to replace Johnson with Stepp as the sole named inventor on the '280 patent. After the close of discovery, the district court granted Lithonia's motion for summary judgment on both counts on December 15, 1998. Velcorp appeals.

DISCUSSION

Because a suit in district court for the correction of inventorship of an issued patent arises under 35 U.S.C. § 256 and hence the patent laws, we have jurisdiction under 28 U.S.C. § 1295(a)(1) (1994). *See MCV, Inc. v. King-Seeley Thermos Co.*, 870 F.2d 1568, 1570, 10 USPQ2d 1287, 1289 (Fed. Cir. 1989). We have pendant jurisdiction to consider the state law claim of trade secrets misappropriation. *See* 28 U.S.C. § 1295(a)(1); *Roton Barrier, Inc. v. Stanley Works*, 79 F.3d 1112, 1116, 37 USPQ2d 1816, 1819 (Fed. Cir. 1996)

Summary judgment shall be granted "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). "The plain language of Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a

party who fails to make a showing sufficient to *establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial.*" *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986) (emphasis added). "Credibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge, [when] he is ruling on a motion for summary judgment. The evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). This court reviews a grant of summary judgment *de novo*. *See Conroy v. Reebok Int'l. Ltd.*, 14 F.3d 1570, 1575, 29 USPQ2d 1373, 1377 (Fed. Cir. 1994).

I. Trade Secrets Misappropriation

Federal courts apply the trade secrets law of the appropriate state. *See Roton Barrier*, 79 F.3d at 1116, 37 USPQ2d at 1819. This case is governed by the Georgia Act, which defines a trade secret as information that: 1) derives economic value from not being generally known to other persons who can obtain economic value from its disclosure; and 2) *is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. See* O.C.G.A. § 10-1-761(4) (West 1999) (emphasis added).

The first written agreement between the parties requiring Lithonia to maintain the secrecy of Velcorp information was signed by Lithonia's authorized agent on January 31, 1994. Because this confidentiality agreement expressly excepted information that Velcorp had previously disclosed to Lithonia, Velcorp relies on an

implied confidentiality agreement allegedly arising from its relationship with Lithonia to demonstrate that it made reasonable efforts to maintain the secrecy of its LED lamp design prior to this date.[1]

Velcorp cites *Monumental Properties, Inc. v. Frontier Disposal, Inc.*, 282 S.E.2d 660 (Ga. Ct. App. 1981), in support. In *Monumental*, Frontier, a designer and seller of trash disposal equipment, contacted Monumental, the owner and operator of roughly 3,000 apartment buildings, to interest it in a new garbage disposal system. Monumental assisted and encouraged Frontier to develop the system. After Frontier had completed the system design, Monumental accepted a bid to manufacture the system from a manufacturer other than Frontier. Monumental and Frontier had no express confidentiality agreement, but did have an agreement that Frontier would receive a commission from the ultimate manufacturer of the system. When Frontier received no compensation for its work on the system design and for Monumental's subsequent procurement, installation, and use of the system, Frontier sued Monumental for conversion. Despite the lack of a written confidentiality agreement, the Georgia Appeals Court affirmed the trial court's denial of Monumental's motion for directed verdict of no property interest. The Georgia Appeals Court stated that the arrangement between the parties "could be interpreted by a jury as an implied agreement not to use or divulge

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[1] Because Velcorp does not allege that the lamp prototypes that it supplied to Lithonia after January 31, 1994 contained any new or different trade secrets, the period after this date is not relevant to our analysis.

the information," which would manifest a trade secret in Frontier's garbage disposal system design. *Id.* at 664.

Monumental, however, predates the 1990 enactment of the Georgia Act asserted by Velcorp. The Georgia Act explicitly states that it "shall supersede conflicting tort, restitutionary, and other laws of this state providing civil remedies for misappropriation of a trade secret." O.C.G.A. § 10-1-767(a). Thus, *Monumental* does not control this dispute because the Georgia Act additionally requires that the alleged trade secret have been subject to reasonable efforts to maintain its secrecy. *See* O.C.G.A. § 10-1-761(4). In any event, Stepp's declaration in his January 26, 1994 letter to Lithonia that "all information provided by us to you and vise [sic] versa prior to [January 6, 1994] is not protected and is considered public disclosure" precludes Velcorp's claim of an implied mutual confidentiality agreement between it and Lithonia.

Velcorp does not demonstrate in its submissions supporting its opposition to summary judgment that it made any reasonable effort to protect the secrecy of its LED lamp design prior to December of 1993, when the two parties first began discussing confidentiality. Though Velcorp alleges that Stepp insisted that Lithonia not tamper with the prototypes, Stepp acknowledged during his deposition that one "can see what's inside [the prototypes] just by looking at them." More significantly, Velcorp cannot reconcile Stepp's unambiguous statement in his January 26, 1994 letter that Velcorp's prior disclosures to Lithonia were "not protected" and were "public" with Velcorp's claim to making reasonable efforts in 1993 to maintain the secrecy of its design.

Given Stepp's admission and Velcorp's failure to allege or supply any evidence of reasonable efforts to protect the secrecy of its alleged LED lamp design, Velcorp has failed to demonstrate that it could carry its burden of establishing an element essential to its case at trial. Therefore, the district court properly granted summary judgment for Lithonia on Velcorp's claim for misappropriation of trade secrets.

II. Correction of Inventorship, Substituting Stepp for Johnson

Section 256[2] of Title 35 of the United States Code authorizes judicial and Patent and Trademark Commissioner resolution of inventorship contests involving issued patents. *See MCV*, 870 F.2d at 1570, 10 USPQ2d at 1289. Section 256 allows not only the addition of an

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[2] Section 256 provides:

> Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Commissioner may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error.
>
> The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Commissioner shall issue a certificate accordingly.

inventor, but the complete substitution of one inventor for another, provided that the true inventor acted without deceptive intent. *See Stark v. Advanced Magnetics, Inc.*, 119 F.3d 1551, 1556, 43 USPQ2d 1321, 1325 (Fed. Cir. 1997). The inventor named on an issued patent, however, is presumed to be the true inventor. *See Hess v. Advanced Cardiovascular Sys.*, 106 F.3d 976, 980, 41 USPQ2d 1782, 1785-86 (Fed. Cir. 1997). To show other inventorship, an alleged prior inventor bears the heavy burden at trial of proving a significant contribution to the conception of the invention of the claims by clear and convincing evidence. *See id.* Inventorship and conception are questions of law, which even after trial this court reviews without deference. *See Sewall v. Walters*, 21 F.3d 411, 415, 30 USPQ2d 1356, 1358 (Fed. Cir. 1994).

"[A]n inventor's testimony respecting the facts surrounding a claim of derivation or priority of invention cannot, standing alone, rise to the level of clear and convincing proof." *Price v. Symsek*, 988 F.2d 1187, 1194, 26 USPQ2d 1031, 1036 (Fed. Cir. 1993). An alleged inventor must supply independent evidence, which may include circumstantial evidence, to corroborate the essential aspects of his testimony. *See Hahn v. Wong*, 892 F.2d 1028, 1032-33, 13 USPQ2d 1313, 1317 (Fed. Cir. 1989); *Knorr v. Pierson*, 671 F.2d 1368, 1373, 213 USPQ 196, 200 (C.C.P.A. 1982) ("[S]ufficient circumstantial evidence of an independent nature can satisfy the corroboration rule."). Whether the proffered evidence sufficiently corroborates the alleged inventor's testimony is evaluated under a "rule of reason" analysis. *Price*, 988 F.2d at 1195, 26 USPQ2d at 1037. Under this analysis, "[a]n evaluation of all pertinent evidence must be made so that a sound

determination of the credibility of the [alleged] inventor's story may be reached." *Id.*

Stepp testified to designing the specification for prototypes containing technology identical to that covered by the '280 patent, directing MDS to manufacture the prototypes and send them to him, and delivering the prototypes to Lithonia at various times in 1993. On summary judgment, the district court viewed Stepp's own testimony as the only evidence supporting Velcorp's claim that Stepp invented the claimed device and thus held Stepp's testimony to be uncorroborated. Further, the district court regarded as significant, if not dispositive, that Mr. Mihori, an MDS employee, did not corroborate Stepp's testimony. Mihori instead testified that another MDS employee, Mr. Mori, conceived the idea of using capacitors instead of resistors to limit current in the LED lamps.

Velcorp contends that the district court erred in focusing solely on Stepp's testimony and ignoring its proffer of the LED lamp prototypes. Velcorp argues that the prototypes sufficiently corroborated Stepp's testimony, and that requiring evidence beyond the actual prototypes would be tantamount to requiring corroboration of the corroborating evidence. Velcorp also notes that it presented other corroborative evidence before the district court, including a manufacturer's drawing by MDS, dated November 5, 1993, depicting an LED lamp, prototype shipping receipts from MDS to Velcorp and from Velcorp to Lithonia, and the testimony of officers at Lithonia that they actually saw the prototypes that Velcorp provided to Lithonia in 1993, prior to the filing date of the '280 patent.

Though we view the sufficiency of Velcorp's corroborating evidence to be a very close question, on review of summary judgment we agree with Velcorp that the district court erred by overlooking the corroborative value of the prototypes and all of Velcorp's other independent evidence. In the context of summary judgment, the district court was required to accept all testimonial assertions of Velcorp's witnesses and to draw all reasonable inferences in favor of Velcorp, the non-movant. The district court therefore improperly credited the adverse testimony of Mihori that Mori conceived the use of pure capacitance in LED replacement lamps rather than Stepp. Instead, the district court should have recognized that Stepp's testimony, which conflicted with Mihori's, created a genuine issue of material fact regarding the identity of the true inventor, whether Johnson, Stepp, or Mori.

Given the summary judgment context, we must also credit Velcorp's allegation that the prototypes that it delivered to Lithonia in 1993 contained the invention claimed in the '280 patent. Notwithstanding Lithonia's contention that the MDS drawing does not show and the prototypes do not contain a *purely* capacitive current-limiting circuit, Stepp's testimony that the trim resistors in the drawings and the prototypes do not *effectively* limit impedance in the circuit creates a genuine issue of fact.

Crediting Stepp's testimony that he, and not Mori, conceived of the claimed invention and that all of the prototypes contained the patented technology, we hold that the district court improperly granted summary judgment for Lithonia. Velcorp's "story" was that Stepp conceived the claimed invention and that Velcorp then

directed MDS to prepare prototypes containing the patented technology and to ship these prototypes to Velcorp. Velcorp further alleges that it delivered these prototypes to Lithonia in 1993. This rendition of the facts, if true, establishes each of the essential elements of Velcorp's case, i.e., that (1) *Stepp* invented (2) the *claimed invention* (3) *prior to* Johnson's date of invention. Velcorp, in turn, corroborates these events by offering an MDS prototype drawing allegedly depicting the claimed capacitance feature, the undisputed fact that Velcorp contacted MDS and that MDS in turn manufactured prototypes for Velcorp, receipts illustrating the shipment of the prototypes from MDS to Velcorp and from Velcorp to Lithonia in 1993, the testimony of Lithonia employees that they examined Velcorp prototypes at Lithonia in 1993, and the prototypes themselves.

"[A]lthough no one piece of evidence in and of itself establishes the prior conception," together the various pieces of evidence may corroborate Stepp's testimony that he conceived the claimed invention. *Price*, 988 F.2d at 1196, 26 USPQ2d at 1038; *see Ethicon, Inc. v. United States Surgical Corp.*, 135 F.3d 1456, 1464, 45 USPQ2d 1545, 1551 (Fed. Cir. 1998) ("[T]here need not be corroboration for every factual issue contested by the parties."). Velcorp did not need to further corroborate this evidence to overcome summary judgment. *See Price*, 988 F.3d at 1195-96, 26 USPQ2d at 1037-38 (in interference context, drawing that was not attributed to junior applicant could adequately corroborate testimony). "Only the inventor's testimony requires corroboration before it can be considered." *Id.* at 1195, 988 F.2d 1187, 26 USPQ2d at

1037. If the evidence corroborating the inventor's testimony were, in turn, required to be supported by additional corroborative evidence, the corroboration requirement would be endless.

We note that Velcorp's proffer of the drawings, prototypes, and other circumstantial evidence is indistinguishable from that accepted as sufficiently corroborative in *Ethicon*. In *Ethicon*, Choi, an electronics technician, offered sketches to corroborate his testimony that he contributed to conception of a surgical trocar. The named inventor, Yoon, countered that Choi had merely drawn what Yoon conceived. After an extensive hearing, the district court granted U.S. Surgical's motion to correct inventorship to add Yoon in light of numerous circumstantial factors, including: (1) Yoon's need for a person with expertise in electronics; (2) Choi's background in electronics; (3) Yoon's proposal that he and Choi should work together to develop new products; (4) their informal business relationship; (5) the length of time they worked together; (6) the absence of any pay to Choi for his work; and (7) the similarity between Choi's sketches and the patent figures. *See Ethicon*, 135 F.3d at 1464, 45 USPQ2d at 1551. Applying the clearly erroneous standard, we affirmed the district court's finding of sufficient corroboration. *See id.*

Likewise, in this case, the circumstantial evidence includes: (1) the fact that Justice approached Stepp to be a vendor for the LED replacement lamp; (2) Stepp's experience in the lighting industry; (3) the informal business relationship between the parties prior to December 1993, when they began discussing the need for confidentiality agreements; (4) the absence of compensation to Velcorp

for its work on the prototypes; and (5) the similarities between the MDS drawing and the patent figures.

Lithonia disputes the sufficiency of Velcorp's corroborating evidence. Lithonia first argues that, because Velcorp cannot distinguish between its prototypes, it cannot authenticate its prototypes for use as corroborating evidence. Stepp, however, has testified that *all* of the prototypes employed the claimed invention and that the differences between the prototypes were unrelated to the patented features. In any event, we note that the district court did not rule on the prospects at trial for the authentication or admissibility of the prototypes, and we thus decline to do so for the first time on appeal. Lithonia also alleges that Velcorp committed inequitable conduct by intentionally waiting to file suit until after the patent had issued, Lithonia had begun marketing the LED retrofit bulb, and Velcorp could see that the product was viable. Again, the district court's opinion does not reveal that the district court considered this argument. On review of summary judgment, and lacking any factual findings to enable us to reach any conclusion regarding inequitable conduct, we decline to consider the implications of Velcorp's delay. *See Stark*, 119 F.3d at 1556, 43 USPQ2d at 1325.

Drawing reasonable inferences from the content of the prototypes, Velcorp's request that MDS manufacture the prototypes, and Velcorp's delivery of these prototypes to Lithonia, we cannot hold as a matter of law that Velcorp will be unable to present clear and convincing evidence at trial that Stepp conceived of the claimed invention before Johnson. Considering the evidence "as a whole, and not individually," we conclude that Stepp's

story may indeed be credible. *Price*, 988 F.2d at 1196, 26 USPQ2d at 1038. Consequently, we vacate the district court's grant of summary judgment for Lithonia on the correction of inventorship count.

CONCLUSION

We therefore affirm the grant of summary judgment for Lithonia on the trade secrets misappropriation count, vacate the grant of summary judgment on the correction of inventorship count, and remand for further proceedings on the latter count consistent with this opinion.

COSTS

Each party to bear its own costs.

United States Court of Appeals
for the Federal Circuit

99-1226

VIRGINIA ELECTRONIC & LIGHTING CORPORATION,

Plaintiff-Appellant,

v.

NATIONAL SERVICE INDUSTRIES, INC.,
(doing business as Lithonia Lighting),

Defendant-Appellee.

Judgment

ON APPEAL from the United States District Court for the Northern District of Georgia

in CASE NO(S). 96-CV-1988

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED-IN-PART, VACATED-IN-PART and REMANDED.

ENTERED BY ORDER OF THE COURT

DATED January 6, 2000

Jan Horbaly
Jan Horbaly, Clerk

ISSUED AS A MANDATE: FEBRUARY 11, 2000

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

VIRGINIA ELECTRONIC & LIGHTING CORPORATION,	:	CIVIL ACTION
Plaintiff,	:	1:96-cv-1988-MHS
v.	:	
NATIONAL SERVICE INDUSTRIES, INC. d/b/a LITHONIA LIGHTING,	:	
Defendant.	:	

ORDER

(Filed Dec. 14, 1998)

This action involving an alleged misappropriation of trade secrets and a dispute over who invented a patented device is before the Court on defendant's motion for summary judgment. For the following reasons, the court grants the motion.

Background

On October 31, 1995, defendant National Services Industries, Inc. d/b/a Lithonia Lighting (Lithonia), obtained a patent on a replacement lamp for exit signs and similar fixtures, which uses light emitting diodes (LEDs) instead of incandescent bulbs as the illumination source. The patent application identified James C. Johnson, a Lithonia employee, as the inventor and Lithonia as the assignee.

On August 8, 1996, plaintiff Virginia Electronic and Lighting Corporation (Velcorp) filed this action alleging that Lithonia had misappropriated Velcorp's trade secrets in developing the patented lamp, and that Velcorp's president, Gregory Stepp, was the true inventor of the lamp. Velcorp seeks damages in excess of $1,000,000.00 and an order that the issued patent be corrected by substituting Stepp as the inventor.

Lithonia began developing the LED replacement lamp in the spring of 1993. During this process, a Lithonia employee, Gene Justice, contacted Gregory Stepp, president of Velcorp and a former Lithonia employee, for assistance in developing the product. Velcorp subsequently produced and delivered to Lithonia a series of prototype LED replacement lamps. According to Velcorp, these prototypes, unlike Lithonia's earlier designs, included an electronic circuit that used a capacitor rather than resistors to limit the electric current through the LEDs.

On December 9, 1993, Stepp met with representatives of Lithonia, and they agreed to exchange confidentiality and non-disclosure agreements. On January 6, 1994, Stepp signed a Confidentiality and Nondisclosure Agreement, which provided that Velcorp would not disclose or use confidential information that Lithonia provided to Velcorp regarding the LED replacement lamp. The agreement, however, did not address information that Velcorp provided to Lithonia.

On January 7, 1994, Lithonia issued final design drawings of the LED replacement lamp to be used in

obtaining quotations from manufacturers. The design utilized a capacitor as the current limiting device.

On January 19, 1994, Lithonia sent Stepp a proposed letter agreement purportedly clarifying the parties' relationship. The letter agreement stated in part that "any improvements, enhancements or derivatives of the [LED Retrofit Lamp] Products developed by Velcorp in the course of its work with Lithonia will be considered 'works made for hire' and, as such, will be the sole property of Lithonia."

Velcorp did not sign the proposed letter agreement. Instead, on January 26, 1994, Stepp wrote to Lithonia stating that it appeared "Lithonia wants all rights and ownership to VELCORP's LED lamp development at zero cost to Lithonia and no consideration to what is ethical or reasonable to both parties." Stepp stated he would be willing to entertain an offer to purchase Velcorp's "property rights to the work and research we have done to this point and in future." Finally, however, Stepp wrote that, "[c]onsidering VELCORP and Lithonia only recently entered a general nondisclosure arrangement 1-6-94, we understand all information provided by us to you and vise [sic] versa prior to noted date is not protected and is considered public disclosure."

On January 31, 1994, Lithonia executed a Confidentiality/Non-disclosure Agreement agreeing to "contain, control, and limit access" to information provided by Velcorp. Before signing the agreement, however, Lithonia inserted the following Note: "Information that is pre-existing or in the public domain or generally known in

the industry or information that is independently developed by Lithonia Lighting or is the property of Lithonia Lighting, is not included per the agreement above."

In February 1994, Velcorp provided two more prototype lamps to Lithonia. On March 3, 1994, Lithonia filed a patent application for a "Light Emitting Diode Retrofit Lamp," which used a capacitor as the current limiting device. On October 31, 1995, Lithonia was issued Patent Number 5,463,280 (the '280 patent).

Summary Judgment Standard

Under Rule 56(c) of the Federal Rules of Civil Procedure, summary judgment is appropriate when "there is no genuine issue as to any material fact . . . and the moving party is entitled to judgment as a matter of law." In *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986), the Supreme Court held that this burden could be met if the moving party demonstrates that there is "an absence of evidence to support the non-moving party's case." *Id.* at 325. At that point, the burden shifts to the non-moving party to go beyond the pleadings and present specific evidence giving rise to a triable issue. *Id.* at 324.

In reviewing a motion for summary judgment, the Court must construe the evidence and all inferences drawn from the evidence in the light most favorable to the non-moving party. *WSB-TV v. Lee*, 842 F.2d 1266, 1270 (11th Cir. 1988). Nevertheless, "the mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no *genuine*

issue of *material* fact." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

Discussion

Velcorp alleges that Lithonia misappropriated Stepp's electronic circuit design for its LED replacement lamp and that the '280 patent incorrectly names Lithonia's employee, James C. Johnson, as the inventor. Velcorp asserts two claims for relief. In Count One, Velcorp seeks damages for Lithonia's alleged wrongful disclosure of Velcorp's trade secrets relating to the LED replacement lamp's electronic circuit. In Count Two, Velcorp seeks to have the issued patent corrected to reflect that Stepp is the actual inventor. The Court concludes that the evidence is not sufficient to support either claim. Therefore, Lithonia is entitled to summary judgment.

A. Trade Secret

Under Georgia law, a party seeking to establish that information is a protected trade secret must show that it "[i]s the subject of efforts that are reasonable under the circumstances to maintain its secrecy." O.C.G.A. § 10-1761(4) (B). In this case, Velcorp provided its prototypes to Lithonia prior to the execution of any written agreement protecting the confidentiality of such information. When the parties did execute such a confidentiality agreement, it expressly excepted previously disclosed information. Even though Velcorp now contends that it had an "understanding" with Lithonia that its prototypes were proprietary, Velcorp's president acknowledged at all

the time that all information provided to Lithonia prior to execution of a confidentiality agreement "is not protected and is considered public disclosure."

Given these facts, Velcorp cannot establish that it took reasonable steps to protect the secrecy of its circuit design. Therefore, Lithonia is entitled to summary judgment on Count One of the complaint.

B. Reform of Inventorship

If an issued patent incorrectly identifies the true inventor, and "such error arose without any deceptive intention on his part," then the Court may order correction of the patent by substituting the true inventor. 35 U.S.C. § 256; *see Stark v. Advanced Magnetics, Inc.*, 119 F.3d 1551, 1556 (Fed. Cir. 1997). In order to show inventorship, a party "must prove prior conception of the invention and he must also present evidence other than his own testimony to corroborate his claim." *Vivus, Inc. v. Kercso*, 977 F. Supp. 1004, 1011 (N.D. Cal. 1997). In addition, the evidence supporting the claim must be "clear and convincing." *Id.*; *see also Hess v. Advanced Cardiovascular Systems, Inc.*, 106 F.3d 976, 980 (Fed. Cir.), *cert. denied*, 117 S. Ct. 2459 (1997).

In this case, Velcorp has failed to present sufficient evidence to carry this heavy burden. The only evidence submitted in support of Velcorp's claim that Stepp is the true of inventor of the LED replacement lamp is Stepp's own testimony. Velcorp has not offered any evidence to corroborate this testimony. In fact, one witness who might have corroborated Stepp's testimony testified instead that it was a third party – a Japanese company

that Stepp recruited to assist him in producing the prototype replacement lamps – which actually came up with the idea of using a capacitor rather than resistors to limit the current to the LEDs. Since there is insufficient evidence to support a finding that Stepp was the sole inventor of the patented replacement lamp, Lithonia is entitled to summary judgment on Count Two of the complaint.

Summary

For the foregoing reasons, the Court GRANTS defendant's motion for summary judgment [#24-1] and DISMISSES this action.

IT IS SO ORDERED, this 11th day of December, 1998.

/s/ Marvin H. Shoob
Marvin H. Shoob,
Senior Judge
United States District Court
Northern District of Georgia

United States Court of Appeals for the Federal Circuit

99-1226

VIRGINIA ELECTRONIC & LIGHTING CORPORATION,

Plaintiff-Appellant,

v.

NATIONAL SERVICE INDUSTRIES, INC.,
(doing business as Lithonia Lighting),

Defendant-Appellee.

ORDER

(Filed Feb. 3, 2000)

Before MICHEL, Circuit Judge, PLAGER, Circuit Judge, and BRYSON, Circuit Judge.

A petition for rehearing having been filed by the APPELLEE,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED.

The mandate of the court will issue on February 10, 2000.

FOR THE COURT,

/s/ Jan Horbaly av
Jan Horbaly
Clerk

Dated: February 3, 2000

cc: ROBERT GLEN GALBAUGH
ALEX J. SIMMONS, JR.

VA ELECTRONIC V NATIONAL SERVICE, 99-1226
(DCT – 96-CV-1988)